
Introduced by Senators Burton and Brulte

July 27, 2003

An act relating to state finance, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1082, as introduced, Burton. State finance: performance budgeting.

Existing law requires the Department of Finance, in its role of assisting the Governor in preparing the annual state budget, to develop, issue, and implement consistent and adequate guidelines for agencies required to submit budgets.

This bill would additionally require the Department of Finance to develop a performance budgeting pilot project under which the budgets of at least four departments in specified fiscal years be analyzed by specified criteria. The bill would require these pilot project budgets to be considered by the Budget Committees of the Assembly and Senate. The bill would require the department to evaluate this pilot project and report its findings to the Chairperson of the Joint Legislative Budget Committee on or before January 1, 2007.

The bill would declare that it is to take effect immediately as an urgency measure.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. This act may be cited as the Performance
- 2 Budgeting and Government Accountability Act of 2003.

SEC. 2. The Legislature finds and declares the following:

(a) The state's traditional budgeting process, based on an incremental review of funding adjustments to the previous year's level of spending, impairs the ability of the Governor and Legislature to impose new budget priorities that are needed as the state confronts the most severe fiscal crisis in recent state history.

(b) Inadequate review of baseline spending encourages the continuation of funding for programs that may be duplicative, wasteful, inefficient, or no longer as important as other competing needs.

(c) The perception of waste and inefficiency in state government undermines Californians' confidence in government and reduces the state's ability to adequately address vital public needs.

(d) Performance budgeting provides a framework for reviewing state expenditures based on program results rather than intentions. It assists legislative policy-making, spending decisions, and program oversight by evaluating the relative priority, performance, and management efficiencies in programs. Performance budgeting can provide a useful tool to help determine where to make targeted spending reductions without sacrificing vital services.

SEC. 3. The Department of Finance shall develop a performance budgeting pilot project involving at least four departments. As part of the state budgets for the 2004–05, 2005–06, and 2006–07 fiscal year that are to be submitted by the Governor to the Legislature, the Department of Finance shall include an analysis of pilot department expenditures based on all of the following:

(a) The extent to which the pilot department's programs are relevant with respect to all of the following:

(1) Whether the program addresses a specific interest, problem, or need that is clearly identified and immediately necessary.

(2) Whether the program represents a critical, essential role for state government.

(3) Whether the elimination of the program would result in other parties mitigating the loss of the program wholly or in part.

(4) Whether the program is designed to make a unique contribution that is not duplicative of other federal, state, local government programs or private and non-profit programs.

(5) Whether the program's budget has grown over the past 10 years in a manner consistent with the growth in the need it is designed to address.

(b) The extent to which the department's performance measures demonstrate an impact, as described in all of the following:

(1) Whether the program has specific, long-term performance measures focusing on outcomes.

(2) Whether the program has a limited number of annual performance measures demonstrating progress toward long-term goals.

(3) Whether the program actually meets the impacts described in paragraphs (1) and (2).

(4) Whether the program delivers quality performance in comparison to similar program activities in other governments, the private sector, and non-profits.

(5) Whether the program collects timely and credible performance information that can be verified and validated.

(c) The extent to which the department avoids internal inefficiencies and poor resource allocation, as specified in all of the following:

(1) Whether the program can provide a compelling cost-per-unit of service.

(2) Whether employees are held accountable for performance standards and trained and managed to produce optimal results.

(3) Whether information technology and other processes have improved performance and cost-efficiencies of the program.

(4) Whether the program uses partnerships, grants, and contracts to improve efficiency of operations and service delivery.

(5) Whether the program has strong internal controls that reduce waste, fraud, and errors in its payment and financial management systems.

SEC. 4. The Budget Committees of the Assembly and Senate shall consider the performance budget analysis presented by the Department of Finance pursuant to Section 3 of this act.

SEC. 5. The Department of Finance shall evaluate the pilot program and report to the Chairperson of the Joint Legislative Budget Committee, on or before January 1, 2007, regarding the extent to which performance budgeting results in a more cost-effective and innovative provision of government services.

1 SEC. 6. This act is an urgency statute necessary for the
2 immediate preservation of the public peace, health, or safety
3 within the meaning of Article IV of the Constitution and shall go
4 into immediate effect. The facts constituting the necessity are:

5 In order to determine budget priorities for the 2004–05 fiscal
6 year, it is necessary that this act go into immediate effect.

